

2-365A052

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18068
RECORDATION NO. FILED
OF COUNSEL
URBAN A. LESTER

DEC 30 1992 12:00 PM

INTERSTATE COMMERCE COMMISSION

December 30, 1992

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, DC 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) fully executed and acknowledged copies (one original and certified photocopy) of a Security Agreement dated as of July 1, 1992, a primary document as defined in the Commission's Rules for the Recordation of Documents, 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Grantor: ABB Credit A/S
Petersmindevej 1
5000 Odense C
Denmark

Secured Party: New Jersey Transit Corporation
One Penn Plaza East
Newark, New Jersey 07105

A description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached hereto and made a part hereof (see Recordation Number 18067).

Also enclosed is a check in the amount of \$16 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return a stamped copy of the enclosed document to
Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth St., NW, Washington, D.C. 20006.

Mr. Sidney L. Strickland, Jr.
December 30, 1992
Page Two

A short summary of the enclosed document to appear in the Commission's Index is:

Security Agreement dated as of July 1, 1992 between ABB Credit A/S, Grantor, and New Jersey Transit Corporation, Secured Party, covering sixteen (16) Arrow III multiple unit passenger railcars.

Very truly yours,


Charles T. Kappler

CTK/bg
Enclosures

SCHEDULE A

DESCRIPTION OF THE ITEMS OF EQUIPMENT

Sixteen (16) Arrow III multiple unit passenger rail cars, Serial Numbers as set forth below:

<u>Serial Number</u>	<u>Car Type</u>
1338	A
1339	B
1376	A
1377	B
1394	A
1395	B
1396	A
1397	B
1400	A
1401	B
1448	A
1449	B
1466	A
1467	B
1491	B
1520	A

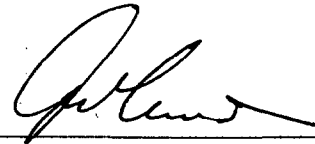
RECORDATION NO. **18068** FILED 1425

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INTERSTATE COMMERCE COMMISSION

District of Columbia : SS

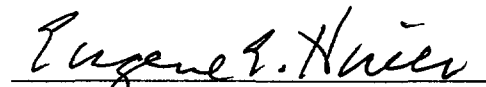
I, ROBERT W. ALVORD, being duly sworn, do hereby certify that the attached Security Agreement dated as of July 1, 1992, between ABB Credit A/S and New Jersey Transit Corporation consisting of eleven pages is a true and complete copy of the original thereof.



ROBERT W. ALVORD

DISTRICT of Columbia, ss

Subscribed and sworn to before me this 30th day of December, 1992.


NOTARY PUBLIC, D.C.

My Commission expires:

August 14, 1997

[EXECUTION COPY]

18068
REGISTRATION NO. _____ FILED M25

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INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

dated as of July 1, 1992

between

ABB CREDIT A/S,
Grantor

and

NEW JERSEY TRANSIT CORPORATION,
Secured Party

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SECURITY AGREEMENT (this "Agreement"), dated as of July 1, 1992, between ABB CREDIT A/S, a corporation organized and existing under the laws of the Kingdom of Denmark ("Grantor"), and NEW JERSEY TRANSIT CORPORATION, a body corporate and politic established in the Executive Branch of the State Government of New Jersey, United States ("Secured Party").

W I T N E S S E T H :

WHEREAS, Grantor and Secured Party are parties to the ABB Documents (capitalized terms used herein shall have the meanings ascribed thereto, by reference or otherwise, in Section 1.1 hereof); and

WHEREAS, pursuant to certain provisions of the ABB Documents, Grantor may be obligated to sell and transfer title to the Items of Equipment to Secured Party and to return to Secured Party an amount equal to the Security Payment;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1. DEFINITIONS; RULES OF INTERPRETATION.

1.1. Defined Terms. Capitalized terms used (including in the above recitals) but not otherwise defined herein shall have the following respective meanings, or if not defined in this Agreement, the respective meanings ascribed to them in the Lease Agreement dated as of the date hereof between Grantor, as Lessor, and Secured Party, as Lessee, as amended, supplemented or otherwise modified from time to time (as so amended, supplemented or otherwise modified, the "Lease").

"ABB Documents" means collectively, the Lease, the Call Option Agreement and the Put Option Agreement.

"Call Option Agreement" means the Call Option Agreement dated as of the date hereof, between Grantor and Secured Party.

"Collateral" has the meaning ascribed thereto in Section 2.1.

"Obligations" has the meaning ascribed thereto in Section 2.1.

"Pledged Agreements" has the meaning ascribed thereto in Section 2.1.

"Put Option Agreement" means the Put Option Agreement dated as of the date hereof, between Grantor and Secured Party.

"Security Payment" means the payment made pursuant to Section 3.3 of the Put Option Agreement.

1.2. Rules of Interpretation. Except as otherwise expressly provided in this Agreement, the following rules shall apply hereto:

(a) the singular includes the plural and the plural includes the singular;

(b) "or" is not exclusive and "include" and "including" are not limiting;

(c) a reference to any agreement or other contract includes permitted supplements, amendments and other modifications;

(d) a reference to a law includes any amendment or modification of such law and any rules or regulations issued thereunder;

(e) a reference to a Person includes its permitted successors and assigns in the applicable capacity;

(f) a reference in this Agreement to an Article or Section is to the Article or Section of this Agreement unless otherwise expressly provided;

(g) words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of this Agreement and not to any particular Article, Section or clause hereof;

(h) all obligations under this Agreement are continuing obligations throughout the term of this Agreement;

(i) any right in this Agreement may be exercised at any time and from time to time;

(j) the headings of the Articles and Sections are for convenience and shall not affect the meaning of this Agreement; and

(k) time is of the essence in performing all obligations.

ARTICLE 2. ASSIGNMENT, PLEDGE AND GRANT OF
SECURITY INTEREST.

2.1. Grant of Security Interest. To secure the timely performance of all obligations of Grantor owing to Secured Party to (a) transfer title to an Item of Equipment pursuant to and in accordance with any provision of the Lease, the Call Option Agreement or the Put Option Agreement, and (b) repay to Secured Party an amount equal to the Security Payment pursuant to Section 3.3 of the Put Option Agreement (any such obligations being herein collectively referred to as the "Obligations"), Grantor does hereby assign, grant and pledge to, and subject to a security interest in favor of, Secured Party all Grantor's interest in, to and under the following:

(a) the following agreements and documents
(collectively, the "Pledged Agreements"):

(i) the Sale Agreement, and the Overhaul Agreement to the extent of Grantor's rights and interests therein; and

(ii) each Bill of Sale;

(b) each Item of Equipment and each part thereof (including Replacement Parts, parts and modifications, alterations and accessions thereto); and

(c) the proceeds of all of the foregoing, including all proceeds receivable or received when any and all of the foregoing is sold, collected, exchanged or otherwise disposed of, whether voluntarily or involuntary (all of the collateral described in the foregoing clauses (a) and (b) and this clause (c), subject to the proviso to this clause (c), being herein collectively referred to as the "Collateral"); provided that there shall be, and hereby is, excluded from the Collateral (i) any and all right, title and interest of Grantor in, to and under the Lease (other than any provision thereof to the extent title to any Item of Equipment or part thereof passes to Grantor pursuant thereto), including all rents, profits, indemnity payments and other payments receivable thereunder and (ii) any interests pledged by Grantor to the Lender as of the date hereof pursuant to the Pledge Agreement.

ARTICLE 3. DELIVERY OF COLLATERAL.

It is the intention of the parties that upon the execution by Secured Party, as Lessee under the Lease, of a Lease Supplement with respect to an Item of Equipment included in the Collateral, the security interest therein created pursuant hereto shall attach and such Collateral shall be deemed to be in the

possession of Secured Party pursuant to this Agreement as well as under such Lease. Secured Party shall use reasonable care in the custody and preservation of any Collateral in its possession; provided that with respect to Collateral consisting of Items of Equipment, Secured Party shall be deemed in compliance with such duty of reasonable care so long as such Items of Equipment are operated and maintained in accordance with the Lease. The parties confirm that the provisions of the Lease shall supersede the provisions of Uniform Commercial Code Sections 9-207(2), (3) and (4) to the extent inconsistent with any provisions of such Lease. Grantor shall give Secured Party prompt notice of any change in the location of Grantor's chief place of business and chief executive office to a location in the United States and thereafter, at the expense of Secured Party (including the reasonable fees and expenses of counsel to Grantor), execute and deliver such financing statements and continuation statements as required to create or maintain a perfected security interest in any Collateral as reasonably requested by Secured Party.

ARTICLE 4. REPRESENTATIONS AND COVENANTS.

4.1. Additional Representations and Warranties. In addition to all representations and warranties of Grantor set forth in the Lease, Grantor hereby represents and warrants that on each Delivery Date, Grantor will have rights in the Items of Equipment to the extent conveyed to Grantor from the Seller, free and clear of any Lessor Lien required to be discharged by Grantor pursuant to the Lease.

4.2. Covenants of Grantor. Grantor hereby agrees (a) to do at Secured Party's expense all acts requested in writing by Secured Party that may be reasonably necessary to maintain, preserve and protect the security interest granted to Secured Party hereby, (b) to procure, execute and deliver from time to time, at Secured Party's expense (including the reasonable fees and expenses of counsel to Grantor), any endorsements, assignments, financing statements and other writings reasonably deemed necessary or appropriate by Secured Party to maintain and protect its security interest hereunder, and to deliver promptly to Secured Party upon its written request originals or certified copies of the Pledged Agreements or proceeds of Collateral, if any, consisting of instruments and, upon demand of Secured Party, chattel paper, if any and (c) not to sell, encumber, lease, rent or otherwise dispose of or transfer any Collateral or right or interest therein except pursuant to and in accordance with the Operative Documents.

ARTICLE 5. RIGHTS IN THE PLEDGED AGREEMENTS.

Anything herein contained to the contrary notwithstanding, Grantor shall remain liable under each of the Pledged Agreements to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and Secured Party shall have no obligation or liability under any of such Pledged Agreements solely by reason of or arising out of this Agreement, nor shall Secured Party be required or obligated in any manner to perform or fulfill any obligation of Grantor thereunder or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts that may have been assigned to it or to which it may be entitled at any time or times.

ARTICLE 6. EVENTS OF DEFAULT.

The occurrence of a default by Grantor in the performance of any of its Obligations for 10 days after notice thereof from Secured Party shall constitute an event of default under this Agreement (a "Grantor Event of Default").

ARTICLE 7. RIGHTS UPON DEFAULT.

7.1. Remedies. If any Grantor Event of Default has occurred and is continuing, Secured Party may, upon notice to Grantor (such notice to be given in accordance with Section 7.3), proceed to protect and enforce the rights vested in it by this Agreement, including the right to cause all moneys pledged hereunder to be paid directly to it, and to enforce its rights hereunder to such moneys and all other rights hereunder by such appropriate judicial proceedings as it shall deem most effective to protect and enforce any of such rights, either at law or in equity, whether for specific enforcement of any covenant or agreement contained in any of the Pledged Agreements, or in aid of the exercise of any power therein or herein granted, or for any foreclosure hereunder and sale under a judgment or decree in any judicial proceeding, or to enforce any other legal or equitable right vested in it by the Operative Documents or by law.

7.2. Expenses. The reasonable out-of-pocket costs and expenses of the prevailing party incurred in any action brought to enforce or preserve such party's rights hereunder, including the reasonable fees and disbursements of counsel, shall be borne by the other party. All such costs and expenses shall be payable on demand in the currency in which incurred.

7.3. Notices. Any and all notices to be given by Secured Party to Grantor pursuant to Section 7.1 shall be in writing and, unless otherwise required by law, shall be given to Grantor 10 days prior to the exercise of any rights under Section 7.1. Any such 10-day notice shall be revocable and state the Grantor Event of Default that entitles Secured Party to exercise its rights under Section 7.1.

ARTICLE 8. REMEDIES CUMULATIVE; DELAY NOT WAIVER.

8.1. Remedies Cumulative. No right, power or remedy herein conferred upon or reserved to Secured Party is intended to be exclusive of any other right, power or remedy, and every such right, power and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right, power and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy. Resort to any or all Collateral now or hereafter held by Secured Party may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both.

8.2. No Waiver. No delay or omission of Secured Party to exercise any right or power occurring upon the occurrence and during the continuance of any Grantor Event of Default as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Grantor Event of Default or an acquiescence therein; and every power and remedy given by this Agreement may be exercised from time to time, and so often as shall be deemed expedient, by Secured Party.

ARTICLE 9. NOTICES.

Unless otherwise specifically provided herein, all notices, requests, demands or other communications required or permitted under the terms and provisions hereof shall be in writing and any such notice, request, demand or other communication shall be given and become effective in accordance with Section 23.2 of the Lease.

ARTICLE 10. FURTHER ASSURANCES.

10.1. Further Action. Grantor agrees that from time to time, at the expense of Secured Party (including the reasonable fees and expenses of counsel to Grantor), Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may reasonably request (including the filing of

financing statements under the Uniform Commercial Code, filings with the ICC and filings pursuant to N.J.S.A. 46:33-1), in order to perfect and protect the assignment and security interest granted or intended to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

10.2. Further Instruments and Documents. Grantor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Grantor where permitted by law. Copies of any such statement or amendment thereto shall promptly be delivered to Grantor.

ARTICLE 11. AUTHORIZED ACTION BY SECURED PARTY.

Grantor hereby (a) irrevocably appoints Secured Party as its attorney-in-fact to the extent related to Secured Party's exercise of remedies, effective when and so long as any Grantor Event of Default shall have occurred and be continuing and (b) agrees that during any such period of effectiveness, Secured Party may do (but Secured Party shall not be obligated to and shall incur no liability to Grantor or any third party for failure so to do) any act that Grantor is obligated by this Agreement to do.

ARTICLE 12. CONTINUING ASSIGNMENT AND SECURITY INTEREST.

This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until all Obligations have been fully and indefeasibly satisfied by Grantor, (b) be binding upon Grantor, its successors and assigns and (c) inure, together with the rights and remedies of Secured Party, to the benefit of Secured Party and its respective successors, transferees and permitted assigns. Upon the performance in full by Grantor of all of the Obligations, the security interest granted hereby shall terminate and Secured Party shall execute and file all such instruments and do all such other acts as shall be necessary to release the Collateral from the Lien of this Agreement.

ARTICLE 13. SEVERABILITY.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

ARTICLE 14. SUCCESSORS AND ASSIGNS.

All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. Grantor may not assign its respective rights and transfer its respective obligations hereunder except in accordance with Section 13.1 of the Lease. Any other assignment by Grantor may be made only with the prior written consent of Secured Party. Secured Party may not, without the prior written consent of Grantor, assign or transfer any of its rights or obligations hereunder except in accordance with Section 13.2 of the Lease.

ARTICLE 15. GOVERNING LAW.

15.1. Governing Law. This Agreement, including all matters of construction, validity and performance and matters relating to the creation, validity, perfection, enforcement or priority of the lien of, and security interests created by, this Agreement upon the Collateral, shall be governed by the laws of New Jersey, except insofar as such matters are governed by the laws of the United States.

15.2. Jurisdiction. (a) Any suit, action or proceeding against Grantor under or with respect to this Agreement may be brought in the Superior Court of New Jersey or in any United States District Court in New Jersey, and Grantor hereby submits to the non-exclusive jurisdiction of each of such courts for the purpose of any such suit, action or proceeding. Grantor hereby agrees that service of all writs, process and summonses in any such suit, action or proceeding brought in New Jersey may be made upon CT Corporation System in Trenton (whose office therein is currently located at 28 West State Street, Room 1109, Trenton, New Jersey 08608), New Jersey, and Grantor hereby irrevocably appoints said CT Corporation System as Grantor's true and lawful attorney-in-fact in Grantor's name, place and stead to accept such service of any and all such writs, process and summonses; provided that substantially simultaneously with such service being so effected upon CT Corporation System, Secured Party shall have delivered, in the manner set forth in Article 9 of this Agreement, a copy of such writ, process, or summons, addressed to Grantor at Grantor's address set forth in or provided pursuant to such Article 9 hereof. If and to the extent that service of writs, process and summonses cannot for any reason be effected upon CT Corporation System as hereinabove provided, Grantor hereby further irrevocably consents to the service of process in any such suit, action or proceeding in said courts by the delivery thereof by Secured Party to Grantor pursuant to such Article 9.

(b) Grantor hereby irrevocably waives any objection that Grantor may now or hereafter have to the laying of venue of any suit, action or proceeding under or with respect to this Agreement brought in any United States District Court in New Jersey or in the Superior Court of New Jersey.

ARTICLE 16. AGREEMENT OF SECURITY PURPOSES ONLY.

This Agreement is for security purposes only. Accordingly, Secured Party shall not, pursuant to this Agreement, enforce Grantor's rights with respect to the Collateral until such time as a Grantor Event of Default hereunder shall have occurred and is continuing at the time such enforcement is sought.

ARTICLE 17. LESSEE PAYMENT OBLIGATIONS.

17.1. No Recourse Against New Jersey. Grantor acknowledges that Secured Party is a body corporate and politic established in the Executive Branch of the State Government of New Jersey in accordance with the applicable provisions of the New Jersey State Constitution and that it derives its authority and powers from the New Jersey Public Transportation Act of 1979, which governs its amenability to suit and authority to enter into contractual undertakings, which contractual undertakings and any claims made with respect thereto are subject to the provisions of the New Jersey Contractual Liability Act. Any obligation arising under this Agreement, or any claim or judgment entered upon a claim (or any settlement thereof) based on an obligation arising under this Agreement shall be payable out of (a) funds available to Secured Party for such purpose (which include farebox revenues and United States and New Jersey operating subsidies, if any, and any funds deposited in the Deposit Account pursuant to the Deposit and Pledge Agreement) or (b) such other funds as may be appropriated by New Jersey for such purpose. **NO DEBT OR LIABILITY OF SECURED PARTY OR ITS SUBSIDIARIES SHALL BE DEEMED OR CONSTRUED TO CREATE OR CONSTITUTE A DEBT, LIABILITY, LOAN OR PLEDGE OF THE CREDIT OF NEW JERSEY.**

17.2. No Limitation on Secured Party's Obligations. It is intended by the provisions of Section 17.1, however, merely to provide notice to Grantor of the statutory limitations that may affect collection of any claim Grantor may have hereunder and not to negate the accrual of any such claim against Secured Party. Secured Party covenants that it will use its best reasonable efforts to cause such steps to be taken as are necessary to secure the requisite annual appropriations or other funds for the purpose of satisfying its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as of the day and year first written above.

ABB CREDIT A/S

By: 

Name:

Title:

J. Rosenbeek
Managing Director

By: _____

Name:

Title:

NEW JERSEY TRANSIT CORPORATION

By: 

Name:

Title:

H. Charles Wedel
CFO

Approved as to form only:

Robert J. Del Tufo
Attorney General of New Jersey

By: 

Kenneth M. Worton

Deputy Attorney General

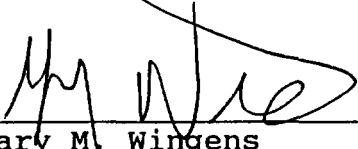
CORPORATE ACKNOWLEDGEMENT

[KINGDOM OF SWEDEN]:

ss.:

[CITY OF MALMØ]:

On this 1st day of July, 1992, before me personally appeared H. CHARLES WEDEL, to me personally known, who being by me duly sworn, says that he is the Chief Financial Officer and Treasurer of NEW JERSEY TRANSIT CORPORATION, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



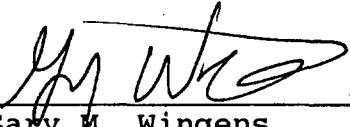
Gary M. Wingens
An Attorney at Law of New Jersey

[KINGDOM OF SWEDEN]:

ss.:

[CITY OF MALMØ]:

On this 1st day of July, 1992, before me personally appeared PAULI ROSENBECK, to me personally known, who being by me duly sworn, says that he is the President of ABB CREDIT A/S, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Gary M. Wingens
An Attorney at Law of New Jersey